

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket Nos. D.T.E. 02-24 and D.T.E. 02-25
Responses to the Department's Second Set of Information Requests

Request No. DTE 2-14:

Refer to Schedule MHC-7-8 (Electric). Please explain why the Company experienced a significant increase in net write-offs during 2001.

Response:

The increase in write-offs during 2001 was primarily related to the following factors:

1. A general downturn in the economy that unfavorably impacted the payments of both residential and commercial/industrial customers.
2. A significant increase in commodity prices that resulted in higher customer bills than in recent years.
3. The winter moratorium in MA does not allow for customer shut-offs between November 15th and March 15th. However, due to the factors cited above, the winter moratorium in MA was extended to May 1st, 2001, which resulted in an additional delay of the Company's collection efforts as compared to prior years.

On a quarterly basis, the Company assesses the customer accounts over 90/120 days old. At the end of the 2nd quarter in 2001, in accordance with this established accounting procedure, the Company performed an analysis of the dollar amount and the aging of customer accounts over 90/120 days old. As a result of this analysis, the Company experienced increased write-offs for the remaining months in 2001.

Person Responsible: Mark H. Collin